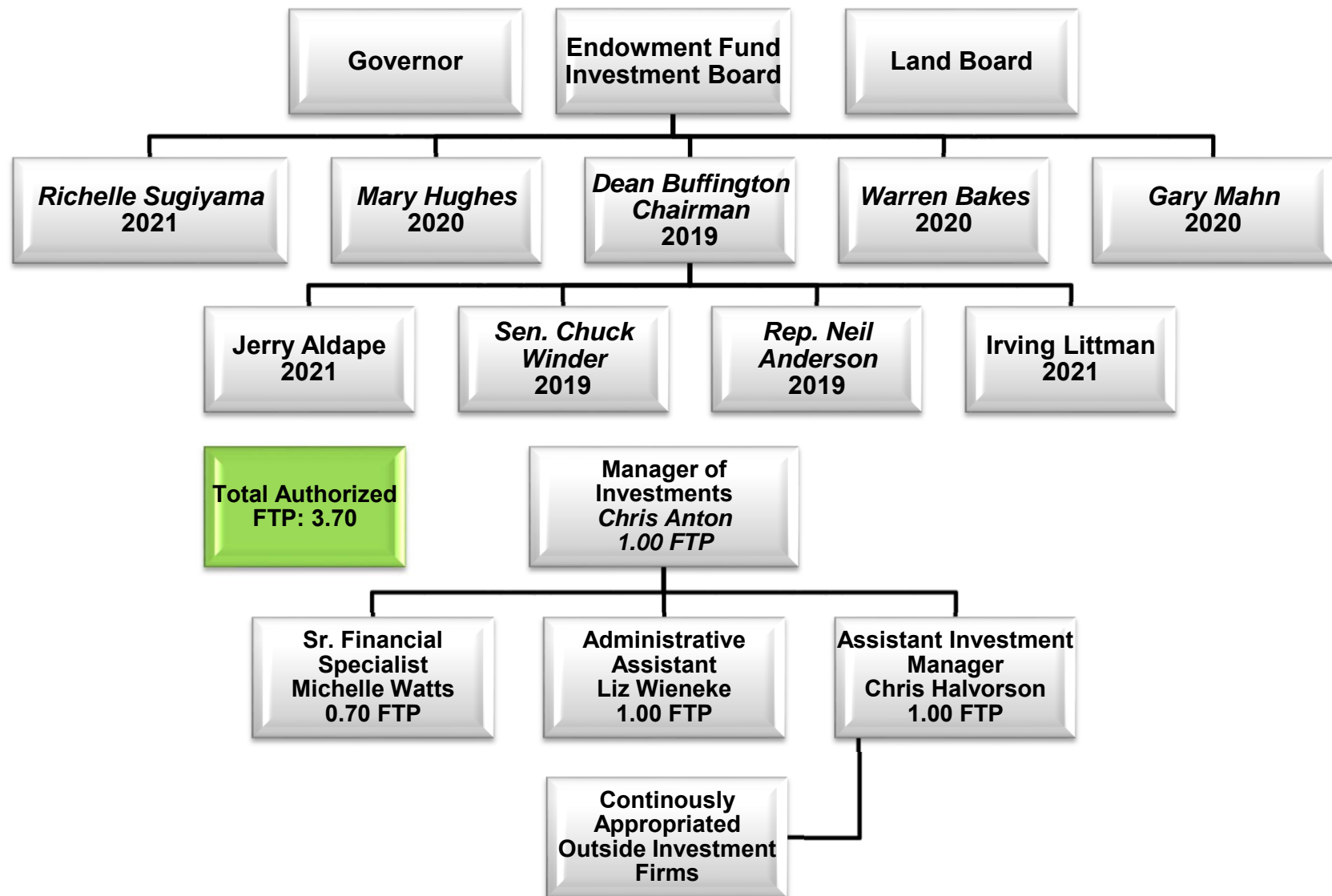


Endowment Fund Investment Board Organizational Chart

Analyst: Sepich



Investment Board, Endowment Fund

Analyst: Sepich

FY 2017 Actual Expenditures by Division

			FTP	PC	OE	CO	T/B	LS	Total
0.30	FY 2017 Original Appropriation								
0349-00	Ded		0.85	109,300	30,200	0	0	0	139,500
0482-70	Ded		2.85	371,000	163,200	1,700	0	0	535,900
Totals:			3.70	480,300	193,400	1,700	0	0	675,400
1.00	FY 2017 Total Appropriation								
0349-00	Ded		0.85	109,300	30,200	0	0	0	139,500
0482-70	Ded		2.85	371,000	163,200	1,700	0	0	535,900
Totals:			3.70	480,300	193,400	1,700	0	0	675,400
1.61	Reverted Appropriation								
0349-00	Ded		0.00	(200)	(1,200)	0	0	0	(1,400)
0482-70	Ded		0.00	(9,400)	(23,200)	(400)	0	0	(33,000)
Totals:			0.00	(9,600)	(24,400)	(400)	0	0	(34,400)
2.00	FY 2017 Actual Expenditures								
0349-00	Ded		0.85	109,100	29,000	0	0	0	138,100
	Miscellaneous Revenue			109,100	29,000	0	0	0	138,100
0482-70	Ded		2.85	361,600	140,000	1,300	0	0	502,900
	Endowment Earnings Administrative			361,600	140,000	1,300	0	0	502,900
Totals:			3.70	470,700	169,000	1,300	0	0	641,000
Difference: Actual Expenditures minus Total Appropriation									
0349-00	Ded			(200)	(1,200)	0	0	0	(1,400)
	Miscellaneous Revenue			(0.2%)	(4.0%)	N/A	N/A	N/A	(1.0%)
0482-70	Ded			(9,400)	(23,200)	(400)	0	0	(33,000)
	Endowment Earnings Administrative			(2.5%)	(14.2%)	(23.5%)	N/A	N/A	(6.2%)
Difference From Total Approp				(9,600)	(24,400)	(400)	0	0	(34,400)
Percent Diff From Total Approp				(2.0%)	(12.6%)	(23.5%)	N/A	N/A	(5.1%)

Analyst: Sepich

Millions of dollars	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
End of Year Market Values of Funds Under Management (\$ Millions)						
1. Public School Permanent Endowment	\$708.4	\$792.9	\$922.4	\$954.0	\$847.4	\$911.6
2. Public School Earnings Reserve Fund	100.2	122.0	163.8	183.6	282.6	343.7
3. Other Land Grant Permanent Funds	352.3	392.2	477.4	500.9	538.6	554.8
4. Other Land Grant Earnings Reserves	97.4	127.6	181.2	204.2	161.8	226.0
5. Subtotal Land Grant Endowments	\$1,258.3	\$1,434.8	\$1,744.8	\$1,842.7	\$1,830.4	\$2,036.1
6. Capitol Permanent Endowment	22.2	25.9	in line 3	in line 3	in line 3	in line 3
7. State Insurance Fund	592.2	594.4	630.2	621.5	669.9	729.3
8. Judges' Retirement (to PERSI in 2015)	60.4	66.4	75.1	0.0	0.0	0.0
9. Other Investments * IDPR, DEQ, IDFG	3.3	3.4	3.7	74.8	77.1	86.7
10. Total Funds under Management	\$1,936.3	\$2,125.0	\$2,453.7	\$2,539.1	\$2,577.4	\$2,852.0
*IDPR Ritter Island \$1.3 M; IDPR Trail of the Coeur d'Alenes \$2.8 M; DEQ Bunker Hill Water Treatment \$60.7 M; IDFG Wildlife Stewardship \$18.2 M; F&G Trust \$3.6 M						
Combined Permanent & Earnings Reserve Funds (\$ Millions)						
11. Beginning Value July 1	\$1,245.9	\$1,258.3	\$1,434.8	\$1,744.8	\$1,842.7	\$1,830.4
12. Lands Contributions to Permanent Fund	11.64	2.43	28.28	49.14	2.08	1.95
13. Lands Contributions to Earnings Reserve	62.62	74.42	87.87	83.09	78.18	70.67
14. Income (Loss) from Investments	12.66	179.31	273.75	53.17	(2.84)	233.81
15. Lands Expenses	(22.67)	(26.00)	(23.72)	(27.69)	(25.33)	(29.24)
16. EFIB Expenses	(5.41)	(6.17)	(7.27)	(7.65)	(7.59)	(7.83)
17. Capital Endowment Distributions	0.00	0.00	(.05)	(.10)	(.40)	(.50)
18. Distributions to Beneficiaries	(46.43)	(47.51)	(48.84)	(51.98)	(56.47)	(63.16)
19. Ending Combined Perm & ER Funds	\$1,258.3	\$1,434.8	\$1,744.8	\$1,842.7	\$1,830.4	\$2,036.1
20. Gross Investment Return Before Fees	1.0%	14.4%	18.8%	3.0%	(0.2%)	(0.2%)
21. Expenses to year-end net assets	0.45%	0.43%	0.42%	0.44%	0.43%	0.43%
					FY 2018	FY 2019
Distributions to Beneficiaries (\$ Millions)	FY 2014	FY 2015	FY 2016	FY 2017	Estimate	Estimate
22. Public Schools	\$31.2924	\$31.2924	\$32.7588	\$36.7248	\$47.0496	\$50.3256
23. Agricultural College	.9672	1.1640	1.2888	1.3476	1.3476	1.4472
24. Charitable Institutions	3.3480	3.8520	4.5000	5.5440	5.5440	5.7540
25. Idaho State University 4/15	.8928	1.0272	1.2000	1.4784	1.4784	1.5344
26. Juvenile Corrections Center 4/15	.8928	1.0272	1.2000	1.4784	1.4784	1.5344
27. State Hospital North 4/15	.8928	1.0272	1.2000	1.4784	1.4784	1.5344
28. Veterans Home 5/30	.5580	.6420	.7500	.9240	.9240	.9590
29. School for the Deaf and Blind 1/30	.1116	.1284	.1500	.1848	.1848	.1918
30. Normal School	2.6700	3.1440	3.6084	4.2624	4.2624	4.4100
31. ISU College of Education 1/2	1.3350	1.5720	1.8042	2.1312	2.1312	2.2050
32. Lewis-Clark State College 1/2	1.3350	1.5720	1.8042	2.1312	2.1312	2.2050
33. Penitentiary	1.4220	1.7076	1.8720	1.9656	1.9656	2.1936
34. School of Science	3.3384	3.8664	3.8664	4.7088	4.7088	4.8264
35. SHS Mental Hospital	2.9460	3.6254	4.5624	4.5624	4.5624	5.0244
36. University of Idaho	2.8608	3.3264	4.0164	4.0428	4.0428	4.2252
37. Distributions to Land Grant Beneficiaires	\$48.8448	\$51.9782	\$56.4732	\$63.1584	\$73.4832	\$78.2064
38. Percent Change in Distributions	2.8%	6.4%	8.6%	11.8%	16.3%	6.4%

Board of Land Commissioners
Endowment Fund Investment Board

FORM B12: ANALYSIS OF FUND BALANCESRequest for Fiscal Year : **2019**Agency/Department: **Endowment Fund Investment Board**

Agency Number: _____

Original Request Date: **September 1, 2017**

or Revision Request Date: _____

Page _____ of _____

Sources and Uses:

FUND NAME:	Endowment Administrative	FUND CODE:	0349	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
1. Beginning Free Fund Balance				14,000	9,400	2,200	25,600	14,400
2. Encumbrances as of July 1				0	0	0	0	0
2a. Reappropriation (Legislative Carryover)				0	0	0	0	0
3. Beginning Cash Balance				14,000	9,400	2,200	25,600	14,400
4. Revenues (from Form B-11)				108,300	225,000	0	60,000	108,000
5. Non-Revenue Receipts and Other Adjustments				Suspense, borrowing limit	12,500	(113,300)	394,100	246,000
6. Statutory Transfers in:				Fund or Reference:	0	0	0	0
7. Operating Transfers in:				Fund or Reference:	0	(300)	0	0
8. Total Available for Year				134,800	120,800	396,300	331,600	392,400
9. Statutory Transfers Out:				Fund or Reference:	0	0	0	0
10. Operating Transfers Out:				Fund or Reference:	13,000	8,700	6,300	10,000
11. Non-Expenditure Disbursements and Other Adjustments				Refunds, Clearing, P-card pymts	0	0	0	0
12. Cash Expenditures for Prior Year Encumbrances					0	0	0	0
13. Original Appropriation					133,000	135,900	139,500	82,300
14. Prior Year Reappropriations, Supplementals, Rescissions					0	0	0	0
15. Non-cogs, Receipts to Appropriation, etc					0	0	0	0
16. Reversions and Continuous Appropriations					(20,600)	(26,000)	224,900	224,900
17. Current Year Reappropriation					0	0	0	0
18. Reserve for Current Year Encumbrances					0	0	0	0
19. Current Year Cash Expenditures				112,400	109,900	364,400	307,200	381,000
19a. Budgetary Basis Expenditures (CY Cash Exp + CY Enc)				112,400	109,900	364,400	307,200	381,000
20. Ending Cash Balance				9,400	2,200	25,600	14,400	6,400
21. Prior Year Encumbrances as of June 30				0	0	0	0	0
22. Current Year Encumbrances as of June 30				0	0	0	0	0
22a. Current Year Reappropriation				0	0	0	0	0
23. Borrowing Limit				0	0	0	0	0
24. Ending Free Fund Balance				9,400	2,200	25,600	14,400	6,400
24a. Investments Direct by Agency (GL 1203)				112,400	109,900	670,700	0	0
24b. Ending Free Fund Balance Including Direct Investments				121,800	112,100	696,300	14,400	6,400
26. Outstanding Loans (if this fund is part of a loan program)								

*Note:

Shaded areas in matrix are calculated. Numbers are rounded to hundreds of dollars. Font set to fit to page.

FORM B12: ANALYSIS OF FUND BALANCESRequest for Fiscal Year : **2019**Agency/Department: **Endowment Fund Investment Board**Agency Number: **322**Original Request Date: **September 1, 2017**

or Revision Request Date: _____

Page ____ of ____

Sources and Uses:

FUND NAME:	Endowment Administrative	FUND CODE:	0482	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
1. Beginning Free Fund Balance				456,800	302,400	3,852,700	877,500	604,300
2. Encumbrances as of July 1				0	0	0	0	0
2a. Reappropriation (Legislative Carryover)				0	0	0	0	0
3. Beginning Cash Balance				456,800	302,400	3,852,700	877,500	604,300
4. Revenues (from Form B-11)				(34,800)	104,300	272,700	272,700	272,700
5. Non-Revenue Receipts and Other Adjustments	Suspense, borrowing limit			84,488,500	95,167,400	97,570,300	97,570,300	97,570,300
6. Statutory Transfers in:	Fund or Reference:			0	0	0	0	0
7. Operating Transfers in:	Fund or Reference:			82,317,200	73,923,300	80,955,100	80,955,100	80,955,100
8. Total Available for Year				167,227,700	169,497,400	182,650,800	179,675,600	179,402,400
9. Statutory Transfers Out:	Fund or Reference:			0	0	0	0	0
10. Operating Transfers Out:	Fund or Reference:			76,507,100	87,369,800	95,304,700	94,000,000	94,000,000
11. Non-Expenditure Disbursements and Other Adjustments	Refunds, Clearing, P-card pymts			82,628,700	70,575,200	78,603,500	77,000,000	77,000,000
12. Cash Expenditures for Prior Year Encumbrances				0	0	0	0	0
13. Original Appropriation				497,300	508,600	535,900	671,300	717,200
14. Prior Year Reappropriations, Supplementals, Rescissions				0	0	0	0	0
15. Non-cogs, Receipts to Appropriation, etc				0	0	0	0	0
16. Reversions and Continuous Appropriations				7,292,200	7,191,100	7,329,200	7,400,000	7,410,000
17. Current Year Reappropriation				0	0	0	0	0
18. Reserve for Current Year Encumbrances				0	0	0	0	0
19. Current Year Cash Expenditures				7,789,500	7,699,700	7,865,100	8,071,300	8,127,200
19a. Budgetary Basis Expenditures (CY Cash Exp + CY Enc)				7,789,500	7,699,700	7,865,100	8,071,300	8,127,200
20. Ending Cash Balance				302,400	3,852,700	877,500	604,300	275,200
21. Prior Year Encumbrances as of June 30				0	0	0	0	0
22. Current Year Encumbrances as of June 30				0	0	0	0	0
22a. Current Year Reappropriation				0	0	0	0	0
23. Borrowing Limit				0	0	0	0	0
24. Ending Free Fund Balance				302,400	3,852,700	877,500	604,300	275,200
24a. Investments Direct by Agency (GL 1203)				7,789,500	7,699,700	65,330,900	0	0
24b. Ending Free Fund Balance Including Direct Investments				8,091,900	11,552,400	66,208,400	604,300	275,200
26. Outstanding Loans (if this fund is part of a loan program)								

*Note:

Shaded areas in matrix are calculated. Numbers are rounded to hundreds of dollars. Font set to fit to page.

Endowment Fund Investment Board

FY 2018 JFAC Action

	FTP	Gen	Ded	Fed	Total
FY 2017 Original Appropriation	3.70	0	675,400	0	675,400
FY 2017 Total Appropriation	3.70	0	675,400	0	675,400
FY 2017 Estimated Expenditures	3.70	0	675,400	0	675,400
Removal of Onetime Expenditures	0.00	0	(17,500)	0	(17,500)
FY 2018 Base	3.70	0	657,900	0	657,900
Benefit Costs	0.00	0	3,600	0	3,600
Replacement Items	0.00	0	1,700	0	1,700
Statewide Cost Allocation	0.00	0	200	0	200
Change in Employee Compensation	0.00	0	13,200	0	13,200
FY 2018 Program Maintenance	3.70	0	676,600	0	676,600
Line Items					
1. Shift Misc Rev Fund to Endow Fund	0.00	0	0	0	0
2. Double-fill Manager of Investments	0.00	0	36,800	0	36,800
3. Investment Manager Salary Increase	0.00	0	40,100	0	40,100
Cybersecurity Insurance	0.00	0	100	0	100
Budget Law Exemptions	0.00	0	0	0	0
FY 2018 Total	3.70	0	753,600	0	753,600
Chg from FY 2017 Orig Approp.	0.00	0	78,200	0	78,200
% Chg from FY 2017 Orig Approp.	0.0%		11.6%		11.6%

Endowment Fund Investment Board

Analyst: Sepich

Historical Summary

OPERATING BUDGET	FY 2017 Total App	FY 2017 Actual	FY 2018 Approp	FY 2019 Request	FY 2019 Gov Rec
BY FUND CATEGORY					
Dedicated	675,400	641,000	753,600	713,500	722,700
Percent Change:		(5.1%)	17.6%	(5.3%)	(4.1%)
BY OBJECT OF EXPENDITURE					
Personnel Costs	480,300	470,700	558,200	521,500	530,700
Operating Expenditures	193,400	169,000	193,700	190,000	190,000
Capital Outlay	1,700	1,300	1,700	2,000	2,000
Total:	675,400	641,000	753,600	713,500	722,700
Full-Time Positions (FTP)	3.70	3.70	3.70	3.70	3.70

Division Description

The Endowment Fund Investment Board (EFIB) is responsible for managing the investments of the land grant endowment funds (Section 57-721, Idaho Code), the State Insurance Fund (Section 72-912, Idaho Code), and other moneys as required by law (Section 57-720, Idaho Code). Other moneys as required by law include Ritter Island and Trail of the Coeur d'Alenes for the Idaho Department of Parks and Recreation, and new in FY 2015, investments for the Kellogg institutional controls program for the Idaho Department of Environmental Quality and two wildlife habitat endowments for the Idaho Department of Fish and Game.

The State Legislature created the Endowment Fund Investment Board in 1969 (Section 57-718, Idaho Code), after the passage of a constitutional amendment in 1968. Before that, the State Treasurer had been responsible for the management of the state's land grant endowment funds. The Department of Finance took over investment responsibilities for two years until the EFIB's first manager was hired and the office opened July 1, 1971.

The 1998 Legislature approved four pieces of legislation (HJM9, HJR6, HJR8, and H643aa) that began the latest round of endowment reform. 1) HJM9 requested that Congress allow proceeds from the sale of public school endowment lands to be deposited into a land bank to be used to purchase other lands. Congress later approved the memorial. 2) HJR6 proposed amendments to the state constitution to change the word "disposal" to "sale" and to allow a land bank. Voters approved the constitutional amendment but the Supreme Court later invalidated the amendment, ruling that the amendment contained two questions and was not put properly before the people. The land board resubmitted the constitutional amendment regarding the land bank as HJR1 in 2000 and the electorate approved the amendment that fall. 3) HJR8 proposed amendments to the state constitution to allow the permanent fund to be invested rather than loaned, to create an earnings reserve, and to allow for payment of administrative costs from the earnings reserve. Voters approved that constitutional amendment in 1998. 4) H643aa of 1998 set up the distribution mechanisms necessary for the permanent funds, the earnings reserve and the income funds. The bill moved the Endowment Fund Investment Board from the Governor's Office to the Land Board effective July 1, 2000. Therefore, actual expenditures before FY 2001 are shown in the Executive Office of the Governor. The legislation also set up a land bank, and changed the makeup of the board. The makeup of the nine-member board changed to remove the Superintendent of Public Instruction and the Director of the Department of Finance, and replaced them with two "public members from the citizenry at large who are knowledgeable and experienced in financial matters and the placement or management of investment assets" (Section 57-718, Idaho Code). S1107 of 1999 changed the effective date of certain sections of H643aa to allow investment in equities (stock) effective February 15, 1999.

H690aa of 1998 established the Capitol Commission and the Capitol Endowment from the former Public Building Endowment effective on July 1, 1998. H643aa was to become effective July 1, 2000 creating a potential conflict with H690aa. However, during the 2000 session, the Legislature resolved that conflict by repealing the Public Building Endowment. H181 of 2013 established a Capitol Maintenance Reserve Fund for the Capitol Commission. Starting in FY 2014, most of the distribution from the Capitol Permanent Endowment Fund began flowing to the maintenance reserve instead of the Capitol Commission's operating fund.

Endowment Fund Investment Board

Analyst: Sepich

Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2018 Original Appropriation	3.70	0	753,600	3.70	0	753,600
Removal of Onetime Expenditures	0.00	0	(38,500)	0.00	0	(38,500)
FY 2019 Base	3.70	0	715,100	3.70	0	715,100
Benefit Costs	0.00	0	(4,800)	0.00	0	(5,100)
Replacement Items	0.00	0	2,000	0.00	0	2,000
Statewide Cost Allocation	0.00	0	(3,700)	0.00	0	(3,700)
Change in Employee Compensation	0.00	0	4,900	0.00	0	14,400
FY 2019 Program Maintenance	3.70	0	713,500	3.70	0	722,700
Budget Law Exemptions	0.00	0	0	0.00	0	0
FY 2019 Total	3.70	0	713,500	3.70	0	722,700
Change from Original Appropriation	0.00	0	(40,100)	0.00	0	(30,900)
% Change from Original Appropriation			(5.3%)			(4.1%)

Endowment Fund Investment Board

Analyst: Sepich

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2018 Original Appropriation					
	3.70	0	753,600	0	753,600

Removal of Onetime Expenditures

This request removes \$36,800 provided for double filling the position of the investment manager and \$1,700 provided for replacement items.

Agency Request	0.00	0	(38,500)	0	(38,500)
Governor's Recommendation	0.00	0	(38,500)	0	(38,500)

FY 2019 Base					
Agency Request	3.70	0	715,100	0	715,100
Governor's Recommendation	3.70	0	715,100	0	715,100

Benefit Costs

Employer-paid benefit changes include a 14.6% reduction (or \$1,910 per eligible FTP) for health insurance, bringing the total appropriation to \$11,190 per FTP. Also included are a 6.8% increase for life insurance, a 5.5% increase for PERSI contributions, and adjustments to workers' compensation that vary by agency.

Agency Request	0.00	0	(4,800)	0	(4,800)
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The Governor recommends \$11,650 per eligible FTP for health insurance, which is a decrease of \$1,450, or 11%, from the previous year; a two-month employer and employee premium holiday; and a transfer of \$13.1 million from health insurance reserves to the General Fund. This recommendation also reflects the PERSI Board's decision to not increase the employer contribution for FY 2019.

Governor's Recommendation	0.00	0	(5,100)	0	(5,100)
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Replacement Items

The Endowment Fund Investment Board requests \$2,000 in dedicated funds to purchase one new computer and two new chairs.

Agency Request	0.00	0	2,000	0	2,000
Governor's Recommendation	0.00	0	2,000	0	2,000

Statewide Cost Allocation

This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Attorney General fees will decrease by \$3,200, risk management costs will decrease by \$200, and State Controller fees will decrease by \$300, for a net reduction of \$3,700.

Agency Request	0.00	0	(3,700)	0	(3,700)
Governor's Recommendation	0.00	0	(3,700)	0	(3,700)

Change in Employee Compensation

For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.

Agency Request	0.00	0	4,900	0	4,900
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The Governor recommends a 3% increase in employee compensation, distributed on merit. He does not recommend a compensation increase for group and temporary positions.

Governor's Recommendation	0.00	0	14,400	0	14,400
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FY 2019 Program Maintenance					
Agency Request	3.70	0	713,500	0	713,500
Governor's Recommendation	3.70	0	722,700	0	722,700

Endowment Fund Investment Board

Analyst: Sepich

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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Budget Law Exemptions

The Endowment Fund Investment Board requests a continuous appropriation for consulting fees, bank custodial fees, and portfolio-related external costs. The variable costs associated with these services depend on the size of the portfolio and the turnover of investments. This uncertainty makes budgeting difficult. Legislative intent included in the appropriation bill allows the Legislature to re-evaluate the need for a continuous appropriation on an annual basis and to consider a fixed appropriation should the costs be determined to be more predictable.

Actual costs paid through the continuous appropriation for FY 2001 were \$1,327,421 (the first full-year after endowment reform), \$3,215,995 for FY 2002, \$2,528,072 for FY 2003, \$2,178,500 for FY 2004, \$2,603,623 for FY 2005, \$3,832,942 for FY 2006, \$3,861,545 for FY 2007, \$3,823,136 for FY 2008, \$3,157,041 for FY 2009, \$3,892,404 for FY 2010, \$4,750,571 for FY 2011, \$5,155,948 for FY 2012, \$5,444,444 for FY 2013, \$6,641,068 for FY 2014, \$7,305,865 for FY 2015, \$7,211,682 for FY 2016, and \$7,588,547 for FY 2017.

Language Requested: The Endowment Fund Investment Board is hereby granted continuous appropriation authority for consulting fees, bank custodial fees, and portfolio-related external costs for the period July 1, 2018, through June 30, 2019.

Agency Request	0.00	0	0	0	0
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Recommended by the Governor.

Governor's Recommendation	0.00	0	0	0	0
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FY 2019 Total					
Agency Request	3.70	0	713,500	0	713,500
Governor's Recommendation	3.70	0	722,700	0	722,700

Agency Request

Change from Original App	0.00	0	(40,100)	0	(40,100)
% Change from Original App	0.0%		(5.3%)		(5.3%)

Governor's Recommendation

Change from Original App	0.00	0	(30,900)	0	(30,900)
% Change from Original App	0.0%		(4.1%)		(4.1%)